

**AIRPORT
COMMISSION:**

Concession Audit of
Asiana Airlines

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Audit Number 01017
August 22, 2001





CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

August 22, 2001

Audit Number: 01017

San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

President and Members:

The Controller's Audits Division contracted with Yano Accountancy Corporation to conduct an audit of Asiana Airlines. Attached is the report prepared by Yano Accountancy Corporation concerning their review of Asiana Airlines. Asiana Airlines has an agreement with the Airport Commission of the City and County of San Francisco to use the landing field facilities at the San Francisco International Airport for its air transportation business.

Reporting Period: January 1, 1998 through December 31, 2000

Landing Fees Paid: \$1,303,924

Results:


Yano Accountancy Corporation found that Asiana Airlines correctly reported the number of its aircraft landings and correctly paid its landing fees to the Airport Department.

Respectfully submitted,

NORIAKI HIRASUNA
Director

ASIANA AIRLINES
REPORT ON AGREED-UPON PROCEDURES
OF THE ACCURACY OF REPORTED LANDING FEES
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Certified Public Accountants

**REPORT OF INDEPENDENT ACCOUNTANTS ON
APPLYING AGREED-UPON PROCEDURES**

San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

President and Members:

We have performed the procedures enumerated in Appendix A, which were agreed to by Asiana Airlines and the City and County of San Francisco ("City"), solely to assist in determining the accuracy of the amount of landing fees due from Asiana Airlines to the San Francisco International Airport, a department of the City during the period from January 1, 1998 to December 31, 2000. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Asiana Airlines and the City. Consequently, we make no representation regarding the sufficiency of the procedures described in Appendix A, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Asiana Airlines and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

Yano Accountancy Corporation

June 28, 2001

ASIANA AIRLINES
SUMMARY OF AUDIT FINDINGS
for the period from January 1, 1998 to December 31, 2000

For the period from January 1, 1998 through December 31, 2000, Asiana Airlines reported 1,219 revenue aircraft landings and paid \$1,303,924 in landing fees to the Airport. Table 1 shows Asiana's reported revenue aircraft landings and landing fees paid to the airport.

Table 1
Asiana Airlines
Revenue Aircraft Landings and Fees Paid
January 1, 1998 through December 31, 2000

	Number of Landings	Landing Fees Paid
January 1, 1998 through June 30, 1998	212	\$ 175,321
July 1, 1998 through June 30, 1999	382	361,849
July 1, 1999 through June 30, 2000	416	498,029
July 1, 2000 through December 31, 2000	209	268,725
Total	1,219	\$ 1,303,924

Asiana Airlines over-reported 9 landings during the period July 1, 1999 to June 30, 2000 and overpaid \$11,076.91 in landing fees to the Airport.

Fees not paid on a timely basis are subject to a service charge of one and a half percent per month. There are no unpaid landing fees and service charges due to San Francisco International Airport from Asiana Airlines as of June 28, 2001.

See Report of Independent Accountants on Applying Agreed-Upon Procedures.

PLANNING

- Read and analyzed the report on landing fees paid for the period from December 3, 1992 to December 31, 1996.
- Conducted an entrance conference with a representative of the airline to explain the general nature of the work to be performed.
- Requested that each airline complete a questionnaire on internal controls over the accumulation and summarization of aircraft landings into the monthly *MATAR* reports submitted to the Airport.
- Evaluated the responses to the questionnaire on internal control provided by the airline.

SUMMARIZATION OF MONTHLY INFORMATION

- Obtained the San Francisco International Airport ("Airport") *Landing Report*, *Landing Weight Report*, *Landing Fee Report*, and fee rates in effect for each fiscal year during the audit period.
- Entered the monthly landing weights into a computer spreadsheet and generated a bar graph of year-to-year comparisons for each month of the year.
- Analyzed the bar graph to identify any unusual variations.
- Summarized fees paid by the airline to the Airport by fiscal year.
- Obtained *MATAR* reports from the Airport's Accounting Department for each month in the audit period.
- Calculated total landings from the *MATAR* report by fiscal year.
- Compared the calculated total landings from the preceding procedure to the total landings calculated by the Airport in its Landing Reports.
- Obtained copies of the:
 - Aircraft operations manual pages from the airline that shows the maximum landing weights for all aircraft types landed by the airline during each of the sample months previously selected.
 - Obtained a listing of aircraft tail numbers that landed at the Airport and the corresponding aircraft types.

- Verified the reasonableness of these maximum landing weights by reference to maximum landing weights of similar aircraft reported by other airlines in the Airport's Landing Reports.
- Converted the maximum landing weights from kilograms to pounds, and compared these converted landing weights to the landing weights included in the Airport's Landing Reports.
- Obtained summaries of landings for each month during the audit period, and compared total landings in these summaries to totals reported in the MATAR reports.

TESTING OF MONTHLY REPORTS

- Selected, using a random number generator, two months from each calendar year during the audit period.
- Obtained the airline's flight schedule for one of the two sample months in each calendar year, and compared total scheduled arrivals in the flight schedule to the actual landings reported in the MATAR.
- Obtained the daily flight logs for the six sample months selected for 1998, 1999 and 2000, recalculated total landings by aircraft type, and compared the totals by aircraft type to the Airport's Landing Reports.

PREPARATION OF THE REPORT

- Summarized the findings that resulted from the above agreed-upon procedures.
- Prepared the draft report.
- Provided the draft report to the airline for comments and its written response.
- Prepared the final report.



